

House File 2447 - Introduced

HOUSE FILE 2447

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 635)

(SUCCESSOR TO HF 335)

A BILL FOR

1 An Act providing specified tax credits for the construction
2 and installation of geothermal heat pumps, and including
3 effective date and retroactive and other applicability
4 provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 422.11I Geothermal heat pump tax
2 credit.

3 The taxes imposed under this division, less the credits
4 allowed under section 422.12, shall be reduced by a geothermal
5 heat pump tax credit equal to twenty percent of the federal
6 residential energy efficient property tax credit allowed for
7 geothermal heat pumps provided in section 25(D)(a)(5) of the
8 Internal Revenue Code for residential property located in Iowa.
9 Any credit in excess of the tax liability is not refundable
10 but the excess for the tax year may be credited to the tax
11 liability for the following ten years or until depleted,
12 whichever is earlier. The director of revenue shall adopt
13 rules to implement this section.

14 Sec. 2. Section 427.1, Code Supplement 2011, is amended by
15 adding the following new subsection:

16 NEW SUBSECTION. 38. *Geothermal heating and cooling system.*

17 *a.* The value added by any new or refitted construction or
18 installation of a geothermal heating or cooling system on or
19 after July 1, 2012, on property classified as residential.
20 The exemption shall be allowed for ten consecutive years.
21 The exemption shall apply to any value added by the addition
22 of mechanical, electrical, plumbing, ductwork, or other
23 equipment, labor, and expenses included in or required for the
24 construction or installation of the geothermal system, as well
25 as the proportionate value of any well field associated with
26 the system and attributable to the owner.

27 *b.* A person claiming an exemption under this subsection
28 shall obtain the appropriate forms from the assessor. The
29 forms shall be prescribed by the director of revenue. The
30 claim shall be filed no later than February 1 of the first
31 assessment year the exemption is requested and shall contain
32 information pertaining to all costs and other information
33 associated with construction and installation of the system.
34 Once the exemption is allowed, the exemption shall continue to
35 be allowed for ten consecutive years without further filing as

1 long as the property continues to be classified as residential
2 property.

3 c. The director shall adopt rules to implement this
4 subsection.

5 Sec. 3. IMPLEMENTATION. Section 25B.7 does not apply to the
6 property tax exemption enacted in this Act.

7 Sec. 4. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
8 immediate importance, takes effect upon enactment.

9 Sec. 5. RETROACTIVE APPLICABILITY. The following provision
10 or provisions of this Act apply retroactively to January 1,
11 2012, for tax years beginning on or after that date:

12 1. The section of this Act enacting section 422.11I.

13 Sec. 6. APPLICABILITY. The following provision or
14 provisions of this Act apply to assessment years beginning on
15 or after January 1, 2013:

16 1. The section of this Act enacting section 427.1,
17 subsection 38.

18 EXPLANATION

19 This bill provides an income tax credit and property tax
20 exemption for the construction or installation of a geothermal
21 heating or cooling system in connection with residential
22 property located in Iowa.

23 The bill provides for an income tax credit for such
24 installations equal to twenty percent of the federal
25 residential energy efficiency property income tax credit
26 allowed for geothermal heat pumps. The bill states that any
27 credit in excess of tax liability is not refundable but may be
28 credited to the tax liability for the following 10 years or
29 until depleted, whichever is earlier.

30 The bill additionally provides for a property tax exemption
31 equal to the value added by any new or refitted construction
32 or installation of a geothermal heating or cooling system on
33 or after July 1, 2012. The bill states that the exemption
34 shall be allowed for 10 consecutive years, and shall apply to
35 any value added by the addition of mechanical, electrical,

1 plumbing, ductwork, or other equipment, labor, and expenses
2 included in or required for the construction or installation
3 of the system, as well as the proportionate value of any well
4 field associated with the system and attributable to the owner.
5 The bill specifies procedures regarding claiming the exemption.

6 The bill provides for the adoption of rules by the director
7 of the department of revenue, and states that Code section
8 25B.7, regarding full state funding of property tax credits or
9 exemptions, shall not be applicable to the geothermal heating
10 and cooling system property tax exemption.

11 The bill takes effect upon enactment. Provisions in the
12 bill enacting the income tax credit for geothermal heat pumps
13 apply retroactively to January 1, 2012, for tax years beginning
14 on or after that date. Provisions enacting the property tax
15 exemption for geothermal heating and cooling systems apply to
16 assessment years beginning on or after January 1, 2013.